

RESOLUTION NO. 74516

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSÉ TO AUTHORIZE THE CITY MANAGER OR THE CITY MANAGER'S AUTHORIZED DESIGNEE, THROUGH AUGUST 5, 2008, TO TAKE VARIOUS ACTIONS WITH RESPECT TO OUTSTANDING VARIABLE RATE DEBT OF THE CITY OR THE CITY OF SAN JOSÉ FINANCING AUTHORITY WITHOUT FURTHER ACTION OF THE CITY COUNCIL WHEN THE CITY MANAGER DETERMINES IT WOULD BE PRUDENT TO DO SO

WHEREAS, the recent disruption in the financial markets related to the default potential of subprime mortgages has disrupted the variable rate municipal bond market; and

WHEREAS, on February 15, 2008, the City Council delegated authority to the City Manager or the City Manager's authorized designee to take various actions related to the variable rate debt of both the City and the City of San José Financing Authority without further action of the City Council in order to respond to financial proposals related to the variable rate debt portfolio of the City and the Authority during the current disruption in the financial markets, through March 10, 2008; and

WHEREAS, on March 11, 2008, the City Council extended the duration of the delegated authority through June 23, 2008; and

WHEREAS, in light of the continuing volatility in the variable rate municipal bond market, the City Council desires to further extend the authority previously delegated to the City Manager or the City Manager's authorized designee, through August 5, 2008; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

1. For purposes of this Resolution the following definitions shall apply:
 - a. "Authorized Officials" shall mean the City Manager, the Director of Finance, the Deputy Director of Finance, Treasury, and the Debt Administrator and the person or persons designated from time to time in writing by the City Manager to execute all documents on behalf of the City Manager.
 - b. "Variable Rate Debt" shall mean the outstanding variable rate demand bonds, auction bonds, and commercial paper issued by the City or by the Authority.
2. The Authorized Officials, each acting alone, are hereby authorized to act on behalf of the City with respect to all amendments, approvals, consents, directions, extensions, instructions, notices, orders, requests, replacements, and other actions in connection with any of the agreements or certificates governing the Variable Rate Debt including any standby bond purchase agreement, any letter of credit, any remarketing agreement, any broker-dealer agreement, any auction agreement, any policy of insurance, any reserve facility, and any investment of Variable Rate Debt proceeds, without further authorization or direction by the City Council when the Authorized Official determines with the advice of the City Attorney, that it would be prudent to do so in order to minimize financial and budgetary risks.
3. This delegation of authority to the Authorized Officials shall remain in effect for a period of time up to and including August 5, 2008, unless otherwise extended or sooner terminated by the City Council.
4. Any action taken pursuant to this delegation of authority shall be reported as soon as practicable to the City Council. Further, the City Manager will provide updates to the City Council regarding any actions taken pursuant to this

delegation of authority as part of the City Manager's weekly report to the City Council.

5. In addition, the City Manager will provide information to the City Council which presents the fiscal impact to the City caused by the current financial market disruption including, but not limited to, an analysis of the cost or savings to the City of refunding or restructuring the Variable Rate Debt which is impacted by the current financial market disruption.

ADOPTED this 24th day of June 2008, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CORTESE, LICCARDO,
NGUYEN, OLIVERIO, WILLIAMS; REED.

NOES: NONE.

ABSENT: CONSTANT.

DISQUALIFIED: PYLE.

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk